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STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING



REBECCA A. HUMPHRIES  
DIRECTOR

April 6, 2009

TO: Rebecca A. Humphries, Director

Information: Natural Resources Commission

Transaction: Sale of Mineral and Allied Rights

Authority: Part 5, Department of Natural Resources, Section 503, of the Natural Resources and Environmental Protection Act (NREPA), 1994 PA 451, as amended.

Applicant: Durkee Lakes Hunting and Fishing Club, Inc. (formerly known as Durkee Lakes Land Company), of Flint, Michigan; Mineral Purchase Application No. 814

Legal Description: Oscoda County, T28N, R04E, Clinton Township; Section 13, SE1/4 SW1/4; Section 14, SE1/4 NW1/4, SW1/4, SE1/4; Section 15, SW1/4, SE1/4; Section 22, NW1/4, NE1/4, SW1/4, N1/2 SE1/4; Section 23 NE1/4, NW1/4 SW1/4, SE1/4 SW1/4, NE1/4 SE1/4; Section 24 NW1/4, NW1/4 SW1/4; Section 27 NW1/4, NW1/4 NE1/4, N1/2 SW1/4, E1/2 SE1/4; Section 33, S1/2 SE1/4; Section 34, NE1/4 NW1/4, NW1/4 NE1/4, SW1/4; Section 35, NW1/4, NE1/4, SE1/4; totaling 2,920.00 acres, more or less.

Rights to be Conveyed: Minerals and ingress and egress to watercourses for those parcels under application that are not affected by a watercourse.

Comments: A Department of Natural Resources (DNR) geologist has determined that the mineral rights have high value, but it would be appropriate to dispose of them at this time if the DNR receives equitable compensation. Conveyance of ingress and egress to watercourses will be made for all parcels not affected by a watercourse, where applicable. For those parcels affected by a watercourse, a DNR Fisheries' representative reviewed the parcels and determined that the ingress and egress to watercourses must be retained. The state does not have an interest in the aboriginal antiquities for the parcels under application.

Restrictions: The conveyance is made subject to a restriction that prohibits the grantee from severing subsurface rights at any time in the future. If the grantee severs the subsurface rights from the surface rights, the subsurface rights will revert to the State of Michigan.

NATURAL RESOURCES COMMISSION

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The conveyance is also made subject to the DNR retaining a \$6.00 per ton royalty interest in the sand and gravel mineral rights. This royalty interest will be adjusted annually based upon the average change in the producer price index (PPI) for construction sand and gravel (CSG) for the North Central Region, as published by the United States Bureau of Labor Statistics, or other comparable index.

Applicant will be required to notify the DNR annually regarding the status of sand and gravel mining on parcels where the DNR retains a royalty interest. The DNR shall receive notice by April 1 of each year.

Notice: This item will appear on the April 27, 2009 DNR Business Calendar and will be eligible for approval on May 7, 2009.

Fee: The applicant has paid the required \$300 application fee. Upon approval of this request, the applicant will be invoiced for the value of the minerals at \$2,515,654 for the oil and gas rights and \$179,690 for the sand and gravel rights.

Recommendation: (1) The state-owned minerals under application be sold to the applicant for a total sales price of \$2,695,344 plus \$300 application fee.

(2) That the ingress and egress to watercourses be conveyed for all parcels not affected by a watercourse, where applicable.

Lynne M. Boyd, Chief  
Forest, Mineral and Fire Management

Kelley D. Smith, Ph.D., Chief  
Fisheries

Arminda S. Koch  
Resource Management Deputy

I approve the staff recommendation.

Rebecca A. Humphries  
Director

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Date Approved